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INFO IRAN COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 STATE 132302

SIPDIS

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E.O. 12958: DECL: 09/18/2017

TAGS: PREL KNNP HR IR
SUBJECT: DEMARCHE REQUEST: OPPOSE MESIC-AHMADINEJAD MEETING

REF: ZAGREB 850

Classified By: Assistant Secretary D. Fried

¶1. (C) SUMMARY: In response to REFTEL, Department asks Post to reiterate that a meeting between Croatian President Mesic and Iranian President Ahmadinejad at UNGA would be ill-advised. END SUMMARY.

OBJECTIVES

¶2. (C) Department instructs Embassy to pursue the following objectives:

--Urge Mesic again not to meet with President Ahmadinejad at UNGA. We are in close consultation with our P5 1 partners on additional UNSC sanctions against Iran in response to Iran's failure to comply with UNSC resolution 1747. High-level meetings with Iran's leaders risk giving Iran the impression that &business as usual can continue despite Iran's noncompliance.

--Note the strong European line on Iran, including discussion of EU-wide and bilateral sanctions) beyond a third UNSC resolution. Encourage Croatia to follow Europe's lead in dealing with Iran.

-- If Mesic insists on conducting the meeting, advise him to take the opportunity to remind Iran of its requirement to suspend all enrichment-related, reprocessing, and heavy water-related activities pursuant to UNSCR 1747. Mesic should also encourage Iran to take advantage of the unprecedented opportunity available to Iran through the P5 1's June 2006 offer. Urge Mesic not to seek expanded economic cooperation with Iran.

-- Given Iran's continued refusal to meet its international obligations, commercial engagement with Iran should be reduced and new investment should be discouraged. In particular, involvement in arrangements that could develop and expand Iran's hydrocarbon sector would raise concerns under U.S. sanctions law.

BACKGROUND

¶3. (SBU) The United States is committed to a diplomatic solution to the threat Iran's nuclear program poses to the international community. To that end, as part of a package of incentives the P5 1 offered Iran in June 2006, Secretary Rice proposed engaging in direct negotiations with Iran if Iran suspended its uranium enrichment-related and reprocessing activities. Suspension was mandated in UNSCR 1696, adopted in July 2006. Iran's continued refusal to suspend these activities prompted the UNSC to adopt resolutions 1737 and 1747, imposing Chapter VII sanctions on

Iran, including prohibitions on nuclear and missile-related technology transfers, freezing the assets of entities and individuals associated with Iran's nuclear and missile programs and banning Iran from exporting arms.

¶4. (SBU) On May 23 and again on August 30, 2007, the IAEA Director General released a report showing that Iran still has not suspended its enrichment- and heavy water-related activities. The recent IAEA-Iran & Work Plan8 announced on August 27, while a positive step, primarily addresses historical issues. Even if fully implemented, it would not bring Iran into compliance with its UNSC obligations. Given Iran's continued refusal to comply with its suspension requirement, the United States is now pursuing a third sanctions UNSCR and is encouraging international partners to impose bilateral sanctions to further isolate Iran.

¶5. (SBU) Our allies in Europe and elsewhere have adopted strong measures to enforce the UN resolutions and isolate Iran. The EU's implementation regulations for UNSCRs 1737 and 1747 are particularly strong and go beyond the requirements of the resolutions. For example, Germany has reduced its export credits to Iran, and its private banks Deutsche Bank, Dresdner Bank, and Commerzbank have announced they are terminating or curtailing most business relationships with Iran. Portugal's Ambassador to the IAEA, representing the EU as its current president, delivered a forceful statement at the most recent IAEA Board of Governors reiterating the need for Iran to suspend enrichment and

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noting the possibility of new Chapter VII sanctions. Meanwhile, French Foreign Minister Kouchner has called for additional sanctions and discouraged French companies from responding to tenders in Iran.

REPORTING DEADLINE

¶6. (U) Post should report results within seven (7) business days of receipt of this cable. Please slug replies for ISN, T, TREASURY, EUR and NEA. Please include SIPDIS in all replies.

POINT OF CONTACT

¶7. (U) EUR/SE Raffi Balian at (202) 647-4987 or NEA/IR Carolyn Coberly at (202) 647-2413.
RICE